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**FISCAL IMPACT STATEMENT**

**LS 7548**

**BILL NUMBER:** HB 1507

**NOTE PREPARED:** Mar 28, 2011

**BILL AMENDED:** Mar 28, 2011

**SUBJECT:** Floyd County park district.

**FIRST AUTHOR:** Rep. Clere

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
☐ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Establishment of District-* This bill establishes a Floyd County park district on January 1, 2012, unless certain action is taken by the fiscal body of the city of New Albany or by the fiscal body of Floyd County. It provides that the park district is not established if before July 1, 2011: (1) a majority of the members elected to the fiscal body of the city of New Albany adopt a resolution providing that the park district shall not be established; or (2) a majority of the members elected to the fiscal body of Floyd County adopt a resolution providing that the park district shall not be established. The bill provides that the district is a separate municipal corporation, the boundaries of which are coterminous with the boundaries of the county.

*District Governing Body-* The bill provides that the governing body of the district is a nine member park commission. The bill specifies that a member of the commission may not receive a salary or a per diem. The bill specifies the membership of the commission. The bill provides for staggered terms.

*Abolishment of Existing Parks Departments-* The bill provides (unless the district is not established because of action by the fiscal body of the city of New Albany or by the fiscal body of Floyd County) that on January 1, 2012, all parks departments within the county are abolished and all property and obligations of the parks departments in the county are transferred to the district.

*Indebtedness & Pension Obligations-* The bill provides that indebtedness and pension obligations incurred by a unit before the creation of the district: (1) may not be imposed on taxpayers that were not responsible for payment of the indebtedness or pension obligations before the district was created; and (2) must be paid by the taxpayers that were responsible for payment of the indebtedness or pension obligations before creation of the district.

*Subject to General Park Law-* The bill provides that the park district is subject to certain provisions of the general park and recreation law.

*Conveyance of Property-* The bill provides that if the commission before January 1, 2022, conveys any real property that was transferred to the district by a park department upon the establishment of the district, the commission shall distribute any proceeds or other remuneration from the conveyance to the county or city from which the property was transferred. The bill specifies that this restriction does not apply to: (1) the conveyance of real property by the commission back to the county or city from which the property was originally transferred; or (2) the lease of real property, if that real property is leased as of December 31, 2011, for a purpose related to parks and recreation, and after December 31, 2011, the commission enters into or renews a lease of that real property for substantially the same purpose.

*Transfer of Park Department Personnel-* The bill provides that all personnel employed by abolished park departments within the county are eligible to transfer to the district.

*Continuation of PERF Benefit-* The bill provides that all personnel that participate in the public employee's retirement fund (PERF) as employees of an abolished park department shall continue to participate in PERF upon becoming employed by the district.

*Park District Tax Levy-* This bill provides that, subject to the property tax levy limits, the district may levy a tax annually on the taxable property in the district for park purposes. It specifies the initial maximum permissible property tax levy for the district for property taxes first due and payable in 2012.

The bill provides that the Department of Local Government Finance (DLGF) shall reduce the maximum permissible property tax levy for Floyd County and the maximum permissible property tax levy for the city of New Albany and that the total combined reduction is equal to the result of one hundred fifty thousand dollars (\$150,000) plus an amount equal to the amount of the park district's maximum permissible ad valorem property tax levy determined for property taxes first due and payable in 2012.

It requires the DLGF to compute the portion of the reduction to be applied to Floyd County and the portion of the reduction to be applied to the city of New Albany so that a levy reduction would not by itself, after considering the elimination of the existing county property tax levy for park purposes and considering the total amount of property taxes that may be imposed in the county by the district, result in a change in the total tax rate imposed on any taxpayer in Floyd County.

*Budget, Tax Rate, and Levy Adoption-* The bill provides that the members of the park district commission shall be appointed before July 1, 2011 (unless the park district shall not be established because of the adoption of a resolution by the fiscal body of the city of New Albany or Floyd County). It provides that the park district commission shall in 2011 adopt the initial budget and tax levy of the park district for 2012. It also specifies that during 2011 the commission has no other powers and duties related to parks and recreation.

*Purchase of Bond or Crime Insurance-* The bill provides that the commission may purchase a blanket bond or a crime insurance policy to cover the faithful performance of all employees, commission members, and persons acting on behalf of the district.

**Effective Date:** (Amended) Upon passage; July 1, 2011.

**Explanation of State Expenditures:** *Park District Tax Levy-* The DLGF would have to reduce the maximum levies of both Floyd County and the City of New Albany. The DLGF would be able to accomplish this provision within existing resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Summary:* This bill would create a new countywide park district in Floyd County. The district would not be created if either the New Albany fiscal body or the county fiscal body may pass a resolution providing that the park shall not be established.

If allowed by Floyd County and the city of New Albany, the establishment of the proposed park district would lead to the abolishment of any park department in Floyd County. The district would receive all property and obligations owed by any abolished park department. All expenses for pension and other indebtedness inherited from abolished park departments would be imposed via tax levy on those taxpayers that were served by the abolished park departments and not on taxpayers in the proposed district that were not taxed by a park department.

The bill would grant most of the allowances in law for a park department to the park district, including establishing nonreverting operating and capital funds. The bill would allow the commission the option to establish a special nonreverting capital fund for acquiring land and specific capital improvements and a cumulative building fund. The funding for the cumulative building fund would be provided with a tax that the commission would be allowed to levy. *See Explanation of Local Revenues.* Any indebtedness incurred by the commission through land acquisition would be solely the responsibility of the district and not on any other political subdivision. The bill would allow the commission to establish a bond fund for the acquisition of land.

The commission would have to prepare an annual budget for operating and other expenditures. The county board of tax adjustment would have the authority to review the commission's budget for the park district. Property taxes would fund the budgeted expenditures. The controller of the park district would be required to report tax collections, once a month, to the commission.

The commission would have to provide police protection for the park district grounds by either deputizing a park police force, or contracting with existing state or local law enforcement agencies to provide the service.

The commission would have the same powers as a park board including: entering into contracts or leases for facilities or services, acquire or dispose of real or personal property, exercise the power of eminent domain, sue or be sued, and invoke legal or special remedy to enforce a park or recreation ordinance or commission action.

*District Governing Body-* Although the bill specifies that a commission member would not receive a salary or per diem, the commission could authorize the payment of actual expenses incurred by members of the commission.

*Purchase of Bond or Crime Insurance-* This provision would increase costs to the proposed park district by an indeterminable amount, if the park district elected to purchase bonds or crime insurance for their employees.

*Transfer of Park Department Personnel-* Employees of the abolished park boards would be eligible to transfer to the proposed park district. However, the commissioners determine whether an employee from an abolished park board would in fact transfer to the district. Additionally, all employees of the district would receive salaries and other benefits as determined by the commissioners.

*Background Information-* The State Board of Accounts by law can fix the bond amount for an employee of a political subdivision that is not a city controller, city clerk-treasurer, town clerk-treasurer, Barrett Law fund custodian, county treasurer, county sheriff, circuit court clerk, township trustee, or conservancy district financial clerk that *is required* to file an individual bond at an amount that exceeds fifteen thousand dollars (\$15,000).

**Explanation of Local Revenues:** *Summary:* The following items would raise revenue for the proposed park district.

(Revised) Cumulative Building Fund- If the commission established a cumulative building fund, the commission would have the option to levy a tax each year at a rate not to exceed the rate needed to raise \$150,000 per year in CY 2012.

(Revised) Tax Levies- Property taxes would be levied in order to fund the commission's operations and other expenditures. The bill would allow total operating funding of \$1M in CY 2012 from property tax, excise tax, county income tax, and financial institutions tax. The New Albany-Floyd County park and recreation department would, during 2011, adopt the proposed district's initial budget, tax rate, and tax levy for CY 2012.

The bill requires that the DLGF reduce the maximum levies for Floyd County and the city of New Albany for CY 2012 by a total of the CY 2012 park district maximum levy plus \$150,000. The \$150,000 represents the levy for the park district cumulative fund. The city and county reductions would each have to be made in an amount that would result in no change in the aggregate tax rate for any taxpayer.

Based on 2010 tax levies, assessed values, tax rates, and miscellaneous revenues, the park district's CY 2012 maximum levy for operating is estimated at \$703,617 and the cumulative fund levy is estimated at \$150,000 for a total unit levy of \$853,617. The levy reductions for the other taxing units are estimated at \$180,967 for New Albany, and \$672,650 for the county. The county reduction includes \$219,515 that is currently being levied for the county park fund. The change in levies would create a change in the distribution of excise taxes, financial institutions taxes, county adjusted gross income taxes (CEDIT) and county economic development income taxes (CEDIT). The total estimated change in revenues for affected Floyd County taxing units is contained in the following table.

Estimated Change in Taxing Unit Revenues						
	New Albany	Floyd County	New Park District	Georgetown	Greenville	Total
Property Tax	(180,967)	(672,650)	853,617	0	0	0
Fin. Inst. Tax	(1,764)	(2,149)	3,913	0	0	0
Excise Tax	(11,484)	(72,841)	84,325	0	0	0
CAGIT Shares	(44,127)	(164,018)	208,145	0	0	0
CEDIT Shares	42,136	(43,970)	0	1,738	96	0
<b>Total</b>	<b>(196,206)</b>	<b>(955,628)</b>	<b>1,150,000</b>	<b>1,738</b>	<b>96</b>	<b>0</b>

Surplus Sales- The commission could hold private or public sales of property deemed surplus that has an aggregate appraised value of \$5,000 or less.

Park District Usage Fees- The commission would have the authority to establish fees for use for particular activities in the district including the use of swimming, golf, or other recreational facilities.

**State Agencies Affected:** Department of Local Government Finance, State Board of Accounts; Legislative Services Agency.

**Local Agencies Affected:** Floyd County, City of New Albany.

**Information Sources:** LOGODABA.

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